

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 H-01 INR-10 INT-05 L-03
NSAE-00 OMB-01 PM-05 OES-09 SP-02 SS-15 STR-07
TRSE-00 ACDA-12 NSCE-00 SSO-00 ICAE-00 INRE-00
/099 W

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O 310748Z AUG 78

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 0839

DOE WASHDC IMMEDIATE

DOE GERMANTOWN MD IMMEDIATE

C O N F I D E N T I A L TOKYO 15756

DEPT. PASS TO WHITE HOUSE OSTP FOR MR. HUBERMAN

DOE FOR DR. DEUTCH

E.O. 11652: GDS

TAGS: TECH, ENRG, JA

SUBJECT: FUKUDA INITIATIVE: JAPANESE POSITION ON
COOPERATION IN COAL CONVERSION

1. FOREIGN MINISTRY CALLED EMBASSY AUG. 31 TO GIVE GOJ
POSITION ON COOPERATION IN COAL CONVERSION, SPECIFICALLY
REQUESTING THAT ITS POSITION BE PASSED TO DR. DEUTCH AND
HIS DELEGATION PRIOR TO THEIR DEPARTURE FOR JAPAN.

2. ESSENTIALLY VERBATIM STATEMENT IS AS FOLLOWS:

3. SINCE THE USG ATTACHES SO MUCH IMPORTANCE TO
COOPERATION ON COAL CONVERSION, IT CAN BE EXPECTED THAT
THE GOJ WILL AGREE TO INCLUDE A COAL LIQUEFACTION PROJECT
AS ONE OF THE SUBJECTS TO BE UNDERTAKEN IN THE EXPANDED
S&T COOPERATION BETWEEN THE TWO COUNTRIES. ALTHOUGH MITI
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IS DEFINITELY ENTHUSIASTIC ABOUT THE PROSPECT OF COOPERA-
TION ON COAL TECHNOLOGY, THE SRC-II PROJECT AS OUTLINED
BY THE U.S. CAUSES TWO SUBSTANTIAL PROBLEMS:

(A) IT INVOLVES A VERY LARGE FINANCIAL CONTRIBUTION FROM
JAPAN WHICH IS PROBABLY DISPROPORTIONATE TO THE AMOUNT OF
FUNDS TO BE INVESTED IN OTHER COOPERATIVE PROGRAMS.

(B) AS JAPANESE EXPERTS SEE THE SRC-II PROCESS, IT APPEARS TO BE OF PARTICULAR VALUE FOR LIQUEFACTION OF EASTERN (U.S.) HIGH SULFUR CONTENT COAL, AND IS NOT APPLICABLE TO MANY DIFFERENT TYPES OF COAL. THE MERIT OF COOPERATION ON COAL LIQUEFACTION TO JAPAN WOULD BE TO APPLY THE TECHNOLOGY DEVELOPED IN THIRD COUNTRIES, SUCH AS AUSTRALIA, WHEREBY JAPAN WOULD FURNISH THE TECHNOLOGY AND THEN IMPORT THE PURIFIED PRODUCT.

4. THE GOJ SIDE HAS PROPOSED ANOTHER METHOD FOR COAL CONVERSION WHICH HAS MERIT IN THE JAPANESE FRAME OF REFERENCE. THERE MAY BE OTHER ALTERNATIVES AS WELL. GOJ IS PREPARING ITSELF TO DISCUSS THIS SUBJECT IN DEPTH DURING THE TIME ALLOTTED IN THE FORTHCOMING MEETING FOR WORKING GROUP DISCUSSIONS, WITH THE VIEW THAT COOPERATION ON COAL CONVERSION WILL BE AN ACCEPTABLE AREA OF COOPERATION BUT THAT A SPECIFIC TYPE OF PROCESS REMAINS TO BE SELECTED BY MUTUAL AGREEMENT.

5. EMBOFF RESPONDED TO ABOVE DEMARCHE BY SAYING THAT USG WOULD WELCOME NEWS THAT COOPERATION ON COAL CONVERSION WAS ACCEPTABLE TO GOJ IN PRINCIPLE. THE NEED FOR ESTABLISHING TECHNICAL WORKING GROUPS TO THRASH OUT DIFFERENCES IN VIEW ON MERITS OF VARIOUS KINDS OF LIQUEFACTION PROCESSES WAS NOW APPARENT AND THERE PROBABLY WOULD BE NECESSITY TO

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CARRY ON TECHNICAL DISCUSSIONS AFTER CONCLUSION OF TOKYO MEETING. MANSFIELD

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Message Attributes

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